

REQUEST FORM FOR FILING A CONTINUATION APPLICATION  
UNDER 37 CFR 1.53(b)

Docket No: 3350-31F

Total Pages: 56

Client Ref: BillPayF

Prior Application: S/N 09/250,675

Expected Art Unit: 2764

Expected Examiner: R. Weinhardt

Box Patent Application

Assistant Commissioner of Patents

Washington, D.C. 20231

Sir:

This is a request for filing a continuation application under 37 CFR 1.53(b), of pending prior application Serial Number 09/250,675, filed February 16, 1999, titled "SYSTEM AND METHOD FOR ELECTRONICALLY PROVIDING CUSTOMER SERVICES INCLUDING PAYMENT OF BILLS, FINANCIAL ANALYSIS AND LOANS" which is a continuation of Serial Number 08/372,620, filed January 13, 1995 (now U.S. Pat. No. 5,873,072) titled "SYSTEM AND METHOD FOR ELECTRONICALLY PROVIDING CUSTOMER SERVICES INCLUDING PAYMENT OF BILLS, FINANCIAL ANALYSIS AND LOANS, which is a continuation of Serial Number 07/736,071, filed July 25, 1991 (now U.S. Pat. No. 5,383,113), titled "SYSTEM AND METHOD FOR ELECTRONICALLY PROVIDING CUSTOMER SERVICES INCLUDING PAYMENT OF BILLS, FINANCIAL ANALYSIS AND LOANS" by the inventor(s) named below.

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1. ☒ Enclosed is a copy of the latest inventor-signed prior application, including a copy of the oath or declaration (4 pages) showing the original signature or an indication it was signed. I hereby verify that the papers are a copy of the latest signed prior application Serial No. 09/250,675. The entire disclosure of the prior application, from which a copy of the oath or declaration is supplied, is considered as being part of the disclosure of the present continuation application and is hereby incorporated by reference therein. All statements made herein of my own knowledge are true; and further that these statements were made with the knowledge that willful false statements and the like so made are punishable by fine or imprisonment, or both under section 1001 of Title 18 of the United States Code and that such willful false statements may jeopardize the validity of the application or any patent issuing thereon.
- 1a. ☐ Deletion of inventor(s) - Signed statement attached deleting inventor(s) named in the prior application, see 37 CFR 1.63(d)(2) and 1.33(b).
2. ☒ Please cancel claims 2-35.
3. ☒ A Preliminary Amendment is enclosed.
4. ☒ The filing fee is calculated on the basis of the claims existing in the prior application Serial No. 09/250,675 as amended at 2 and 3 above.

	No of Claims		Extra Claims	Rate	Fee
Total Claims	15	Minus 20	0	x \$18.00	\$0
Independent Claims	9	Minus 3	6	x \$78.00	\$468.00
Basic Application Fee					\$690.00
If multiple dependent claims are presented, add \$270.00					
Total Application Fee					\$1,158.00
Subtract <input type="checkbox"/> if small entity					
TOTAL APPLICATION FEE DUE					\$1,158.00

- 5a. ☐ Enclosed is a Verified Statement to establish small entity status under 37 CFR 1.9 and 37 CFR 1.27.
- 5b. ☐ A verified statement to establish small entity status under 37 CFR 1.9 and 37 CFR 1.27 was filed in prior application Serial No. \_\_\_\_\_, the status is still proper and desired.

6. [X] A check in the amount of \$1,158.00 is submitted herewith. The Commissioner is hereby authorized to charge any other fees under 37 CFR 1.16 and 1.17 which may be required, including any extension of time fees to maintain the pendency of the parent application Serial No. 09/250,675 or credit any overpayment to Deposit Account No. 12-0429.
7. [X] Amend the specification by inserting before the first line the sentence:  
--This application is a continuation of pending Application Serial Number 09/250,675, filed February 16, 1999, titled "SYSTEM AND METHOD FOR ELECTRONICALLY PROVIDING CUSTOMER SERVICES INCLUDING PAYMENT OF BILLS, FINANCIAL ANALYSIS AND LOANS" which is a continuation of Serial Number 08/372,620, filed January 13, 1995 (now U.S. Pat. No. 5,873,072) titled "SYSTEM AND METHOD FOR ELECTRONICALLY PROVIDING CUSTOMER SERVICES INCLUDING PAYMENT OF BILLS, FINANCIAL ANALYSIS AND LOANS, which is a continuation of Serial Number 07/736,071, filed July 25, 1991 (now U.S. Pat. No. 5,383,113), titled "SYSTEM AND METHOD FOR ELECTRONICALLY PROVIDING CUSTOMER SERVICES INCLUDING PAYMENT OF BILLS, FINANCIAL ANALYSIS AND LOANS".
8. [] Priority of foreign Application Serial No. \_\_\_\_\_ filed on \_\_\_\_\_, in \_\_\_\_\_, is claimed under 35 USC 119. The certified priority document(s) were filed in Serial No. \_\_\_\_\_, filed on \_\_\_\_\_.
9. [X] The prior application is assigned of record to: CheckFree Corporation  
4411 East Jones Bridge Road  
Norcross, Georgia 30092
10. [X] The power of attorney in the prior application is to: Alfred A. Stadnicki, Reg. No. 30,226
11. [X] 28 pages of specification; 4 pages of Declaration; and 7 sheets of informal drawings are enclosed.
12. [X] Also enclosed: Information Disclosure Statement; with PTO 1449 and Appendix A  
  
Address all future communications to: Alfred A. Stadnicki  
1146 Nineteenth Street, NW  
Fifth Floor  
Washington, DC 20009
13. [X] Two return receipt postcards are submitted herewith.



**IN THE UNITED STATES PATENT AND TRADEMARK OFFICE**

In re Application of :  
Kight et al. :  
: Expected Art Unit: 2764  
Rule 53(b) Continuation of :  
Serial Number 09/250,675, :  
filed Feb. 16, 1999 :  
: Expected Examiner:  
: R. Weinhardt  
Filed: Concurrently Herewith :

For: SYSTEM AND METHOD FOR ELECTRONICALLY PROVIDING  
CUSTOMER SERVICES INCLUDING PAYMENT OF BILLS,  
FINANCIAL ANALYSIS AND LOANS

**PRELIMINARY AMENDMENT**

Honorable  
Assistant Commissioner  
for Patents  
Washington, DC 20231

Sir:

The preliminary amendment is directed to the accompanying 37 CFR 1.53(b) application, which is a Continuation of pending Application Serial Number 09/250,675, filed February 16, 1999. Prior to examination, please amend the above-identified application as follows:

**IN THE TITLE**

Please amend the title to read "BILL PAYMENT SYSTEM AND METHOD WITH A MASTER MERCHANT DATABASE".

**IN THE CLAIMS**

Please cancel claim 1.

Please add claims 36-50 as follows:

--36. A method for paying bills, comprising the steps of:

receiving, via a network, a request to pay a bill associated with a merchant on behalf of a consumer;

searching a master database of merchants to determine if the merchant is included in the master database of merchants;

adding the merchant to the master database of merchants if the merchant is not included in the master database of merchants; and

processing the request to generate an instruction to pay the bill.

37. A method for maintaining a master merchant database, comprising the steps of:

receiving from a consumer a list of merchants;

searching a master merchant database containing merchants received from other consumers to determine if a merchant on the list received from the consumer is included in the master merchant database; and

adding a merchant to the master merchant database from the list of merchants received from the consumer if the merchant is not included in the master merchant database.

38. The method of claim 37, further comprising the steps of:

receiving, via a network, a request to pay a bill associated with a merchant on behalf of the consumer;

searching the master merchant database to determine if the merchant is included in the master merchant database;

adding the merchant to the master merchant database if the merchant is not included in the master merchant database; and

processing the request to generate an instruction to pay the bill.

39. A method for processing consumer supplied payment records, comprising the steps of:

receiving from a consumer a plurality of payment records, each of the plurality of payment records including a merchant to whom payment has been made;

searching a master database of merchants to determine if a merchant to whom payment has been made is included in the master database of merchants; and

adding a merchant to whom payment has been made and is not included in the master database of merchants to the master database of merchants.

40. The method of claim 39, wherein the plurality of merchants contained in the master database of merchants include merchants received from other consumers.

41. A system for paying bills, comprising:

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    a network interface configured to receive a request to
pay a bill associated with a merchant on behalf of a
consumer;

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a storage device configured to store a master database of merchants; and

a processor configured to search the master database of merchants to determine if the merchant is included in the master database of merchants, to add the merchant to the master database of merchants if the merchant is not included in the master database of merchants, and to generate an instruction to pay the bill.

42. A system for maintaining a master merchant database, comprising:

a network interface configured to receive from a consumer a list of merchants;

a storage device configured to store a database of merchants received from other consumers; and

a processor configured to search the master merchant database to determine if a merchant on the list received from the consumer is included in the master merchant database and to add a merchant to the master merchant database from the list of merchants received from the consumer if the merchant is not included in the master merchant database.

43. The system of claim 42, wherein:

the network interface is further configured to receive a request to pay a bill associated with a merchant on behalf of the consumer; and

the processor is further configured to:

search the master merchant database to determine if the merchant is included in the master merchant database;



add the merchant to the master merchant database if the merchant is not included in the master merchant database; and

process the request to generate an instruction to pay the bill.

44. A system for processing consumer supplied payment records, comprising:

a network interface configured to receive from a consumer a plurality of payment records, each of the plurality of payment records including a merchant to whom payment has been made;

a storage device configured to store a master database of merchants; and

a processor configured to search the master database of merchants to determine if a merchant to whom payment has been made is included in the master database of merchants and to add a merchant to whom payment has been made and is not included in the master database of merchants to the master database of merchants.

45. The system of claim 44, wherein the plurality of merchants contained in the master database of merchants include merchants received from other consumers.

46. An article of manufacture for paying bill, comprising:

a computer readable medium; and

computer programming stored on the medium;

wherein the stored computer programming is configured to be readable from the computer readable medium by a computer to thereby cause the computer to operate so as to:



search the master merchant database to determine if the merchant is included in the master merchant database;

add the merchant to the master merchant database if the merchant is not included in the master merchant database; and

process the request to generate an instruction to pay the bill.

49. An article of manufacture for processing consumer supplied payment records, comprising:

a computer readable medium; and

computer programming stored on the medium;

wherein the stored computer programming is configured to be readable from the computer readable medium by a computer to thereby cause the computer to operate so as to:

receive from a consumer a plurality of payment records, each of the plurality of payment records including a merchant to whom payment has been made;

search a master database of merchants to determine if a merchant to whom payment has been made is included in the master database of merchants; and

add a merchant to whom payment has been made and is not included in the master database of merchants to the master database of merchants.

50. The article of manufacture according to claim 49, wherein the plurality of merchants contained in the master database of merchants include merchants received from other consumers.--

Please delete the abstract in its entirety and substitute therefor the abstract attached hereto on a separate sheet.

In view of the foregoing, it is respectfully submitted that the application is in condition for allowance and an early indication of the same is courteously solicited. The Examiner is respectfully requested to contact the undersigned by telephone at the below listed local

telephone number, in order to expedite resolution of any remaining issues and further to expedite passage of the application to issue, if any further comments, questions or suggestions arise in connection with the application.

To the extent necessary, a petition for an extension of time under 37 C.F.R. 1.136 is hereby made. Please charge any shortage in fees due in connection with the filing of this paper, including extension of time fees, to Deposit Account 12-0429 and please credit any excess fees to such deposit account.

Respectfully submitted,

LALOS & KEEGAN



Alfred A. Stadnicki

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Date: March 30, 2000

## ABSTRACT

A method and system for paying bills. A service provider receives, via a network, a request to pay a bill on behalf of a consumer. The consumer can request that any merchant be paid. The service provider searches a master database containing names of merchants to determine if the merchant the consumer has requested be paid is included in the database. If the merchant is not included in the database the service provider adds the merchant to the database. The request is processed to generate an instruction to pay the merchant.

1                                   **SYSTEM AND METHOD**  
2                                   **FOR ELECTRONICALLY PROVIDING CUSTOMER SERVICES**  
3                                   **INCLUDING PAYMENT OF BILLS, FINANCIAL ANALYSIS AND LOANS**

4    **RELATED APPLICATIONS**

5           This is a continuation of co-pending Application for United States Letters Patent  
6    Serial No. 08/372,620, filed January 13, 1995, which will issue as U.S. Patent No 5,873,072  
7    on February 16, 1999, which was a continuation of co-pending application for United States  
8    Letters Patent Serial No. 07/736,071, filed on July 25, 1991, which issued as United States  
9    Patent No. 5,383,113 on January 17, 1995, each having the common assignee of the present  
10   invention and each incorporated herein by reference for all purposes.

11   **BACKGROUND AND SUMMARY OF THE INVENTION**

12           The present invention relates generally to apparatus and methods for paying bills.  
13    More particularly, the present invention is a computerized system for paying bills whereby  
14    a consumer may contact a single source from a remote location via a telephone, a computer  
15    terminal with modem, or other electronic means, to direct the single source to pay the  
16    consumer's bills instead of the consumer writing checks for each bill. A microfiche appendix  
17    has been submitted with the parent case of this Application Serial No. 07/736,071, which  
18    issued as United States Letters Patent No. 5,383,113 on January 17, 1995, which contains

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1 the program code of the present invention and which in its entirety is incorporated herein by  
2 reference. An additional hard copy of the appendix is attached as Exhibit A.

3 It has been common for many years for consumers to pay monthly bills by way of  
4 a personal check written by the consumer and sent by mail to the entity from which the bill  
5 or invoice was received. Consumers have used other ways to pay bills, including personally  
6 visiting the billing entity to make a cash payment. In today's economy, it is not unusual for  
7 a consumer to have several regular monthly invoices to pay. Writing individual checks to  
8 pay each invoice can be time-consuming and costly due to postage and other related  
9 expenses.

10 A need exists for a method whereby a consumer can contact a single source and  
11 inform the source to pay various bills of the consumer, to have the source adjust the  
12 consumer's account with the consumer's financial institution (i.e., bank, credit union, savings  
13 and loan association, etc.) to reflect a bill payment, and to actually pay the billing entity a  
14 specified amount by a particular time. The system should be efficient and not unreasonably  
15 expensive and relatively simple for a consumer to interact with. Some banks have attempted  
16 to provide a service for making payment to a few billing entities to which the banks have  
17 established relations. The banks that do provide that type of service are limited in that they  
18 provide the service only for their own customers since the banks have not developed a  
19 system for accurately acquiring and processing account numbers and balances of customers  
20 of all other banking institutions and coordinating that information with bill payment.



1 Furthermore, banks have not developed a system for managing the risks involved in  
2 providing such a service and the inherent complexities of providing the service to consumers  
3 other than the bank's own customers. Therefore, a need exists for a single source bill  
4 payment system that would be available to any consumer, regardless of where the consumer  
5 banks and regardless of what bills are to be paid.

6 The present invention is designed to fulfill the above listed needs. The invention  
7 provides a universal bill payment system that works regardless of the consumer's financial  
8 institution and bill to be paid. The present invention provides a computerized system by  
9 which a consumer may pay bills utilizing the telephone, a computer terminal, or other  
10 electronic, data transmission means. Transactions are recorded against the consumer's  
11 account wherever he or she banks. The consumer may be an individual or a business, large  
12 or small. The present invention works regardless of where the consumer banks.

13 The method of the present invention includes: gathering consumer information and  
14 creating a master file with banking information and routing codes; inputting payment  
15 instructions by the consumer at a convenient location (e.g., at home), typically remote from  
16 the payment service provider, by using an input terminal such as a push-button telephone;  
17 applying the payment instructions to the consumer's file; using computer software of the  
18 present invention to examine various files to determine such things as what is the appropriate  
19 form of payment based on variables involving banking institutions and merchants;  
20 comparing each transaction against a dynamic credit file and routing based on set parameters;

and, if the payment system determines that everything is ready for payment to be made, adjusting the consumer's account (usually by debiting) and making payment directly to the billing entity. The single source service provider for consumer bill payment could be any entity with the capability to practice the invention as described hereinafter. The foregoing and other objects and advantages will become more apparent when viewed in light of the accompanying drawings and following detailed description.

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## DESCRIPTION OF PREFERRED EMBODIMENT(S)

Referring now to the drawings, Figure 1 illustrates the steps in the creation of a consumer database for use with the present invention. The first step in the process is to establish a consumer's data records on the system. This may be accomplished by the consumer completing an authorization form 20 which would contain the needed information to input into the system concerning the consumer. This information may include the consumer's name, address, telephone number and other applicable information. The consumer would also provide a voided check from the consumer's personal checking account. The consumer's information may then be manually input via a keyboard 52 into the consumer database record 22. Default amounts may be set for an individual credit line parameter and for a total month-to-date parameter. These amounts establish the maximum unqualified credit risk exposure the service provider is willing to accept for an individual transaction and for the collective month-to-date transactions of a consumer. As explained hereinafter, the service provider may be at risk when paying a consumer's bills by a check written on the service provider's account.

From the voided check, the consumer's bank routing transit and individual account numbers at an institution are input into the computer system. This information may be edited against an internal financial institutions file (FIF) database 24 of the present invention. FIF 24 is a database of financial institutions' identification codes and account information for the consumer. This file edits the accuracy of the routing transit number and the bank account

6 The consumer is notified by the service provider of his or her local phone number  
7 access and personal security code for informing the service provider that a bill is to be paid.  
8 This information may be stored in a phone access table 26. The personal security code may  
9 be much like an ATM machine four digit code. In addition, to comply with federal law, an  
10 electronic pre-note 28 will be created to be sent to the consumer's bank to inform the bank  
11 that the service provider is authorized to debit the consumer's account. For further security  
12 to the service provider, a consumer credit record 30 may be obtained. The default credit  
13 limit amounts over which the service provider may be unwilling to assume financial risk may  
14 be modified based on the information obtained from the credit report 30.

15 In Figure 2 the steps are shown for establishing merchants to be paid and the making  
16 of a payment. The consumer must inform the service provider or processor of a merchant's  
17 name, address, phone number and the consumer's account number with the merchant 32.  
18 The term "merchant" as used herein is intended to pertain to any person or entity that the  
19 consumer wishes to pay and is not to be limited to the usual merchants most consumers pay,  
20 such as the electric company, a home mortgage lender, etc. This information is put into a

merchant master file database 42 (MMF). The consumer may also indicate whether the merchant is a variable or fixed merchant. A variable merchant is one in which the date and amount of payment will vary each month. A fixed merchant is one in which the date and amount remain the same each month. If the merchant is fixed, the frequency of payment may be other than monthly, such as weekly, quarterly, etc. The consumer should inform the service provider of the date on which the merchant is to be paid and the amount to be paid.

Through a telecommunications terminal 34 (e.g., a push-button telephone or computer terminal), a consumer may initiate payment of bills. Through the terminal, the consumer may access his merchant list and input the payment date and amount. The system may be provided with a payment date editor 36 to insure that the date is valid and logical (i.e., payment dates already in the past or possibly a year or more into the future would be questioned). As payments are initiated, a consumer "checkbook register" may be created and automatically updated to reflect this activity. The merchant list can be visible on the consumer's personal computer screen. On a personal computer a consumer may enter merchant payment amounts and payment dates on the computer screen and then transmit this information to the service provider.

By telephone, the list may be presented by programmed voice. The voice may be programmed to ask the consumer if a particular merchant (selected from the consumer's MMF, which may be updated from time to time) is to be paid and to tell the consumer to press 1 if yes, or press 2 if no. If yes, the voice may instruct the consumer to enter the

amount to be paid by pressing the numbers on a touch tone phone. The asterisk button could be used as a decimal point. After the amount is entered, the voice may ask the consumer to enter the date on which payment is to be made to the merchant. This may be accomplished by assigning each month a number, such as January being month 01. The consumer may then enter month, day and year for payment. The programmed voice may be accomplished with a VRU (voice response unit) available from AT&T or other vendors. It may communicate with a data processor to obtain consumer information. At the end of the consumer's session on the terminal a confirmation number may be sent to the consumer, providing a record of the transaction.

In Figure 3 the steps are shown for the creation of the consumer pay table 38 and making updates to it. The consumer's files may be received at the service provider on a front end processor 40 that interfaces with the telecommunications network. The consumer's records may be edited 44 for validity by comparing to the merchants' account scheme. Any new merchant records are added to the consumer's pay table. New merchants are compared to the MMF 42 and appropriately cross-referenced to the pay table to check if a merchant record already exists. If no merchant record exists, a merchant record will be created on the MMF 42.

Payment records may also be received on the service provider's processor. The payment may first go through a validation process against the pay table. The validation process checks for duplicate payments and if duplicates are found they are sent to a reject

file. The validation process also verifies that merchants are set up and may check for multiple payments to be paid to a particular merchant. Orders for payment go to the consumer pay table to determine when the payment should be released and how it will be released for payment.

The service provider may pay merchants by a draft or check (paper) or by electronic funds transfer. To create a draft that will pass through the banking system, it must be specially inked. This may be accomplished by a printer which puts a micr code on drafts, like standard personal checks. For example, as shown in Figure 5, the front end processor 40 may be a DEC VAX which is connected to an IBM main frame 46 Model 4381. Consumers may call by telephone 35, a number that passes through the private bank exchange (PBX) 39 and contacts a voice response unit 41 in association with the front end processor 40. After the consumer's payment instructions are received an analysis is performed to determine the most cost effective and least risk mode of payment for the service provider to use. One preferred mode of payment is electronic funds transfer through the Federal Reserve Automated Clearing House (ACH) Network 47. If the service provider is not a bank, a bank intermediary may be needed to be connected to the Federal Reserve Network. Another payment mode is a charge to the consumer's credit card through the RPS Network 49. Additionally, an IBM Laser Printer attached to a micr post printer 48 may be used by the service provider to send drafts 76 or consolidated checks 78 to merchants. The main frame 46 has data storage means 50 and runs the FIF 24 and MMF 42 programs. It

may also have a tape drive or telecommunication interface for accomplishing electronic funds transfer. It should be recognized that various other hardware arrangements could be used to accomplish the present invention. Figure 6 illustrates a similar arrangement for use when the consumer is using a personal computer 37 to instruct the service provider. The personal computer may access the front end processor 40 through the standard X.25 Network 43.

Referring now to Figures 4a, 4b and 4c, the payment process is shown. The payment process may be cycled 56 each day or more or less frequently. The first step is to establish when payment items are to be processed. This may be accomplished through a processing calendar 58. A processing calendar 58 may be built into the system. The calendar 58 enables the system to consider each date, including weekends and the Federal Reserve holidays. Payments are released from the consumer pay table 38 using the due date. Any bank date, payments, or payments within a period such as four business days may be released the same day. All future payment dates would be stored in the consumer pay table 38. On-line inquiry may be made on the consumer pay table 38. The service provider has on-line capability to make changes to the consumer payment upon request until the day the payment is released. A consumer's merchant change may also affect the consumer's payment on the pay table 38.

The method of payment to the merchant may be either paper (draft or check) or electronic. There are several factors in the process used to determine if a payment will be



released as a paper item, or an ACH electronic transaction (automated clearing house; service provider is a party to transaction). Each consumer may be assigned a status such as: active = good; inactive = bad; and, pending = uncertain, risky. If a consumer's status is pending 60, when reviewing the payment file with the processing calendar 58, the payment should go out as a draft paper to protect the service provider. When payment is made by draft, the service provider is not a contractual party to the transaction. The consumer's bank account codes are actually encoded onto the draft prepared by the service provider and act much like the consumer's personal check. The draft has been specially designed for this process. The draft is payable to either the service provider or the particular merchant. This allows the draft to be delivered to the merchant for payment and depositing, but allows the draft to be legally payable by the bank, with proper authorization. Additionally, posting information for the merchant is contained on the body of the draft. To the applicant's knowledge, it is the first time a draft has been used in such a manner and with this unique design to accomplish this. If the consumer's bank transit number does not indicate an electronic bank 62 (i.e., a banking institution that will accept electronic funds transfer), the program associated with FIF 24 sends the payment as a draft. A pre-note 28 is required any time 64 new banking information is entered on a consumer and the bank shows on FIF 24 as an electronic receiving bank. The pre-note period is ten (10) days under federal law. Any payments released during this period are sent as paper.

1       The third manner in which the service provider may pay bills is by a check written  
2 on the service provider's account. A consolidated check may be written if many customers  
3 have asked the service provider to pay the same merchant. Under this method of payment  
4 the service provider assumes some risk since the service provider writes the check on its own  
5 account. The service provider is later reimbursed by the (consumer's) banking institution.

6       As a means of minimizing risk to the service provider, any transaction may be  
7 compared to the MMF 42 credit limit. For example, if the check limit is greater than zero  
8 and the payment is \$50.00 or less 66, the item may be released as electronic 74 or by service  
9 provider check 78. If the payment is greater than \$50.00 but less than or equal to the  
10 merchant credit limit 68, the payment may be released as electronic payment 74 or check 78.  
11 Any payments within the merchant's credit limit 70 are added to the consumer's monthly  
12 ACH balance 72. This provides a monthly total billing day to billing day summary of the  
13 consumer's electronic payment activity. Any transaction may be compared to the  
14 consumer's database credit limit parameters. If a payment amount is greater than the  
15 consumer's credit limit, the item is released as a draft 76 which is written on the consumer's  
16 account. If the payment amount plus the total of electronic payments in a particular month  
17 is greater than the consumer's credit limit, the item is released as a draft 76. Items not  
18 released as paper are initiated as an ACH debit against the consumer's account.

19       The consumer database may be reviewed for proper electronic funds transfer (EFT)  
20 routing. Payment to the merchant may be accomplished one of three ways, depending on the

merchant's settlement code. Various merchant's settlement codes may be established. For example, a merchant set up with a settlement code "01" results in a check and remittance list 78 being mailed to the merchant. Merchants with a settlement code, such as "10" produce an ACH customer initiated entry (CIE). Merchants with a settlement code, such as, "13" produce a remittance processing system (RPS) credit.

In the consumer pay table, for fixed payments, a payment date gets rolled to the next scheduled payment date on the pay table. The number of remaining payments counter is decreased by one for each fixed payment made. For variable payments once made, the payment date is deleted on the consumer pay table. The schedule date and amount on the consumer pay table roll to zero. A consumer payment history may also be provided which show items such as process date as well as collection date, settlement method, and check number in addition to merchant name and amount.

The software of the present invention is designed in part to make several decisions relating to particular transactions for consumers. The following example is provided to more fully describe the software. This example is not intended to limit the application to the details described in the example and is only provided to further enhance the description of the invention already stated above.

For this example, assume that a consumer has five transactions of varying amounts for which the consumer has asked the service provider to arrange payment. For simplicity, assume that the five payments are to be made on the same day. First, the consumer database

1 22 is edited to validate the status, banking institution, and pre-note flags associated with the  
2 consumer's requested payments. The account numbers provided by the consumer for the  
3 merchants to be paid, are also checked to determine if they are valid. Assuming the  
4 merchant account numbers are valid, the program begins with the first dollar analysis.

5 For purposes of this example, the five payments the consumer has requested are in  
6 the amounts of: \$25.00; \$75.00; \$150.00; \$250.00; and \$1,000.00. The program will  
7 consider each dollar amount individually as it goes through the various edit modes. The first  
8 edit may be called a \$50.01 edit. In this example, any transaction that is less than \$50.01  
9 is automatically sent as an ACH debit to the consumer's account. This means that the service  
10 provider uses ACH to electronically transfer funds from the consumer's account to the  
11 service provider's clearing account.

12 In this example, the initial payment of \$25.00 will satisfy the \$50.01 edit and  
13 therefore will be paid without any further edits being conducted for this particular payment.  
14 Continuing with the example, the next edit may be a merchant dollar edit that is established  
15 for the specific merchant to which the transaction is being sent. For purposes of this  
16 example, this edit is set at \$100.00 for all merchants. Different dollar edits can be  
17 incorporated for different merchants. In the example, the second payment request of the  
18 consumer, for \$75.00, meets the \$100.00 merchant edit parameter and is sent as an ACH  
19 debit to the consumer's account. Note that the \$75.00 payment would not have satisfied the

1 \$50.01 edit and therefore would have passed on to the second edit which in this case, is the  
2 merchant dollar edit.

3 The remaining three payments in the example exceed both the \$50.01 edit and the  
4 merchant \$100.00 edit and therefore, go to the next edit. In the example, the next edit is for  
5 a consumer individual transaction limit set at \$200.00. The \$150.00 payment is less than the  
6 \$200.00 consumer individual transaction limit and is, therefore, sent as an ACH debit to the  
7 consumer's account and paid. The other two remaining payments yet to be made exceed the  
8 \$200.00 limit in this example and pass to the next edit.

9 In the next edit, which happens to be the last edit in the example, the consumer's  
10 month-to-date "unqualified" risk limit is checked. In the example, the month-to-date limit  
11 is set at \$1,500. Assume that for this particular consumer \$400.00 of month-to-date  
12 payments have already been made on the consumer's behalf. Added to the \$400.00 would  
13 be the three payments made above for \$25.00, \$75.00 and \$150.00. So an additional \$250.00  
14 is added to the \$400.00 month-to-date for a total of \$650.00 "unqualified" risk for the current  
15 month-to-date amount. The next payment to be made is for \$250.00 and would fall within  
16 the \$1,500 month-to-date limit when added to the current \$650.00 risk amount. Therefore,  
17 the \$250.00 payment is made and an ACH debit is sent to the consumer's account. This  
18 brings the total month-to-date "unqualified" risk amount to \$900.00. The final \$1,000  
19 payment has not been paid and would send the "unqualified" risk amount over \$1,500 when  
20 added to the \$900.00. Since the final payment of \$1,000 in the example fails the consumer

1 month-to-date limit edit, the \$1,000 payment would be sent as a paper draft directly drawn  
2 on the consumer's account, and for which the service provider has no liability. In the  
3 example, the final step would be updating the consumer month-to-date current total to  
4 \$900.00.

5 The apparatus for and method of bill payment of the present invention and many of  
6 its attendant advantages will be understood from the foregoing description. It will be  
7 apparent that various changes may be made in the form and steps thereof without departing  
8 from the spirit and scope of the invention or sacrificing all of its advantages.

**WE CLAIM:**

1           1.     A method of paying bills using a computer, comprising the steps of:  
 2           receiving a request to pay a bill of a particular merchant on behalf of a  
 3 particular consumer;  
 4           selecting a payment type from a group consisting of a first payment type and  
 5 a second payment type; and,  
              directing payment of the bill using the selected payment type.

1           2.     The method of claim 1 wherein the first payment type is an electronic  
 2 funds transfer and the second payment type is selected from a group consisting of a draft and  
 3 a check.

1           3.     The method of claim 2 wherein the step of selecting a payment type  
 2 further includes the step of searching a database of merchant information, the database  
 3 including an indicator of payment type corresponding to each of a plurality of merchants  
 4 including the particular merchant.

1           4.     The method of claim 3 wherein the indicator of payment type includes  
 2 a merchant's bank routing number.

5. The method of claim 2 wherein the step of selecting a payment type includes the step of evaluating the amount of the bill to be paid.

6. The method of claim 2 wherein the step of selecting a payment type includes the step of searching a database having deposit account numbers, each representing a respective deposit account maintained at one of a plurality of associated financial institutions by a plurality of consumers including the particular consumer, to identify the deposit account number of the particular consumer, and the step of directing payment of the bill includes the step of preparing a draft written on funds in the deposit account represented by the identified deposit account number.

7. The method of claim 2 wherein the step of selecting a payment type includes the step of searching a database having deposit account numbers, each representing a respective deposit account maintained at one of a plurality of associated financial institutions by a plurality of consumers including the particular consumer, to identify the deposit account number of the deposit account of the particular consumer, and the step of directing payment of the bill includes the step of initiating an electronic funds transfer of funds in the deposit account represented by the identified deposit account number.



1                   8.       The method of claim 7 wherein the step of selecting a payment type  
2 further includes the step of searching a database of merchant information, the database  
3 including a bank routing number corresponding to each of a plurality of merchants including  
4 the particular merchant.

1                   9.       The method of claim 1 wherein the step of directing payment of the  
2 bill comprises the steps of:

3                   searching a database having deposit account numbers, each representing a respective  
4 deposit account maintained at one of a plurality of associated financial institutions by a  
5 plurality of consumers including the particular consumer, to identify the deposit account  
6 number of the deposit account of the particular consumer; and

7                   paying the bill from funds in a deposit account other than the deposit account  
8 represented by the identified deposit account number.

1                   10.     The method of claim 9 further comprising the step of:  
2                   transferring funds in the amount of the bill from the deposit account of the  
3 particular consumer to the deposit account from which the bill payment was made.

1                    11.     The method of claim 2 wherein the step of directing payment of the  
2     bill includes the step of preparing a check written on funds in a service provider's deposit  
3     account.

1                    12.     The method of claim 2 wherein the step of directing payment of the  
2     bill includes the step of initiating an electronic funds transfer from funds in a service  
3     provider's account.

1                    13.     The method of claim 1 further comprising the steps of:

2                    determining if the request to pay the bill is a duplicate of a previous request;

3                    and,

4                    terminating the request if the request is a duplicate request.

1 14. A method of paying bills using a computer, comprising the steps of:  
2 receiving an instruction to pay a bill of a particular merchant on behalf of a  
3 particular consumer;

4                    searching a database having deposit account numbers, each representing a  
5    respective deposit account maintained at one of a plurality of associated financial institutions  
6    by a plurality of consumers including the particular consumer, to identify the deposit account  
7    number of the deposit account of the particular consumer;

8                    selecting a payment type; and,  
9                    directing payment of the bill by the type of payment selected from funds in  
10                  the identified deposit account.

1                    15.      The method of claim 14 wherein the step of selecting a payment type  
2      includes the step of comparing the amount of the bill to be paid to a predetermined amount.

1                    16.     The method of claim 14 wherein the step of selecting a payment type  
2 includes the step of identifying a payment type indicator associated with the particular  
3 merchant.

1                    17.     The method of claim 16 wherein the step of identifying a payment  
2     type indicator associated with the particular merchant includes the step of searching a  
3     merchant database having a payment type indicator associated with each of a plurality of  
4     merchants including the particular merchant.

1                    18.     The method of claim 14 further comprising the steps of:  
2                    receiving a deposit account number representing a deposit account maintained  
3     at one of a plurality of associated financial institutions by a particular consumer;  
4                    storing the deposit account number in a database of deposit account numbers;

5 comparing a particular consumer's deposit account number in the deposit  
6 account number database with the particular consumer's deposit account number in a  
7 financial institutions database to determine if the consumer's deposit account number in the  
8 deposit account number database is correct; and,

9 correcting the deposit account number if the deposit account number in the  
10 deposit account number database is not correct.

1 19. The method of claim 14 wherein the step of selecting a payment type  
2 further comprises the step of selecting a payment type from a check written on funds in a  
3 deposit account other than the deposit account represented by the identified deposit account  
4 number, a draft written on funds in the deposit account represented by the identified deposit  
5 account number, and an electronic funds transfer of funds in the deposit account represented  
6 by the identified deposit account number;

1 20. A method of electronically paying bills, comprising the steps of:  
2 receiving a request to pay a bill of a particular merchant on behalf of a  
3 particular consumer;

4 selecting a payment type from the group consisting of a draft, a check, and  
5 an electronic funds transfer; and,

6 directing payment of the bill using the selected payment type.







5 receiving an instruction to pay a bill of a particular merchant on behalf  
6 of a particular consumer;  
7 searching a database having deposit account numbers, each  
8 representing a respective deposit account maintained at one of a plurality of associated  
9 financial institutions by a plurality of consumers including the particular consumer, to  
10 identify the deposit account number of the deposit account of the particular consumer;  
11 selecting a payment type; and,  
12 directing payment of the bill by the type of payment selected from  
13 funds in the identified deposit account.

1 31. A system for paying bills using a computer, comprising:  
2 means for receiving a request to pay a bill of a particular merchant on behalf  
3 of a particular consumer;  
4 means for selecting a payment type; and,  
5 means for directing payment of the bill using the selected payment type.

1 32. The system of claim 31 wherein said means for selecting a payment  
2 type comprises means for selecting a payment type from the group consisting of a draft, a  
3 check, and an electronic funds transfer.



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1 33. A system for paying bills using a computer, comprising:  
2 a communications apparatus for receiving a request to pay a bill of a particular  
3 merchant on behalf of a particular consumer; and,  
4 a computer processor operatively connected to the communications apparatus  
5 for selecting a payment type and directing payment of the bill using the selected payment  
6 type.

1 34. A system for paying bills using a computer, comprising:  
2 a communications switch operatively connected to a network for receiving  
3 a request to pay a bill of a particular merchant on behalf of a particular consumer;  
4 a computer processor operatively connected to the network for selecting a  
5 payment type and directing payment of the bill using the selected payment type.

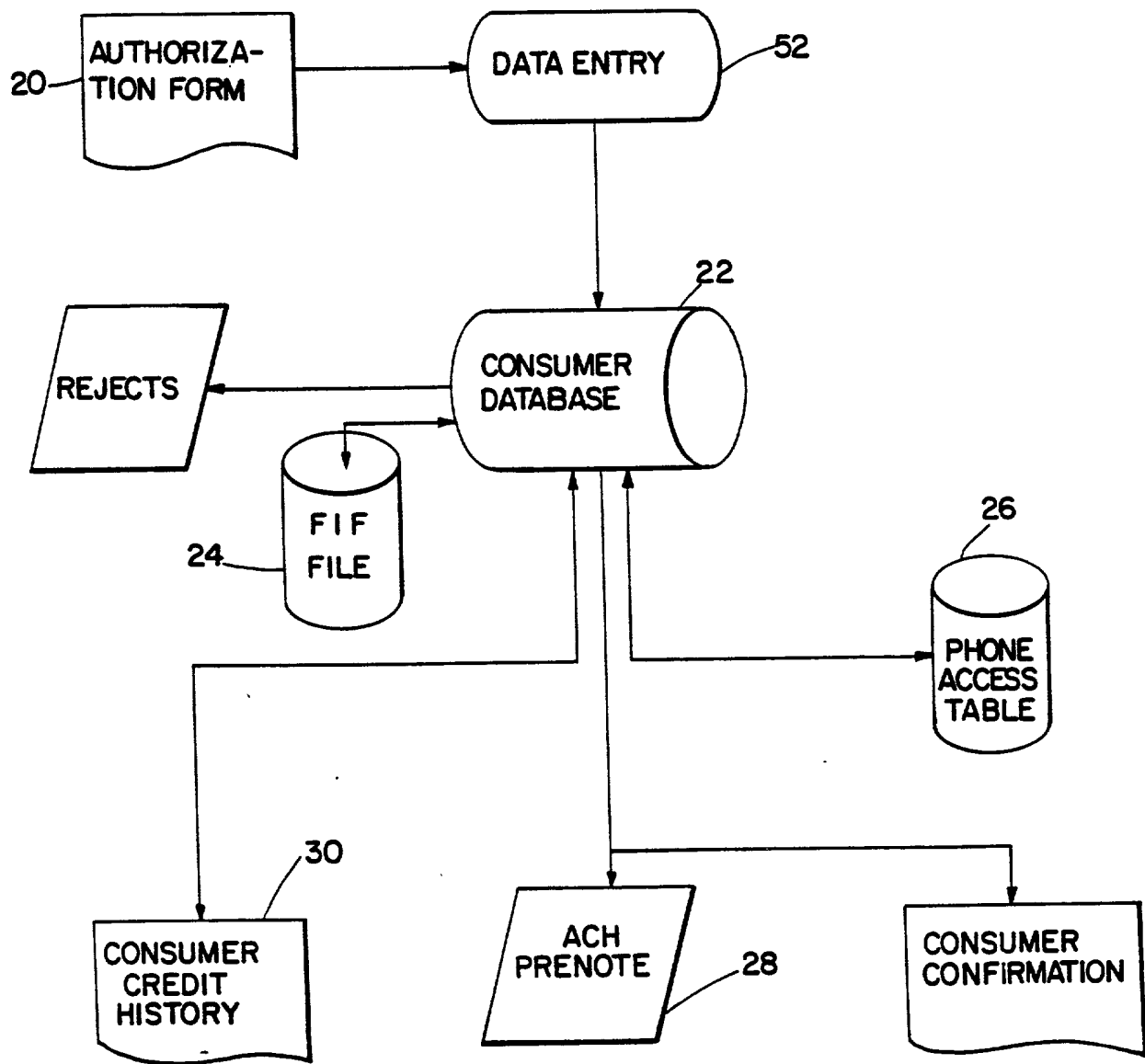
1 35. The system of claim 34 wherein the payment type is an electronic  
2 funds transfer and the computer processor is operatively connected to a second network in  
3 communication with an automated clearing house for initiating payment of the bill by the  
4 electronic funds transfer.

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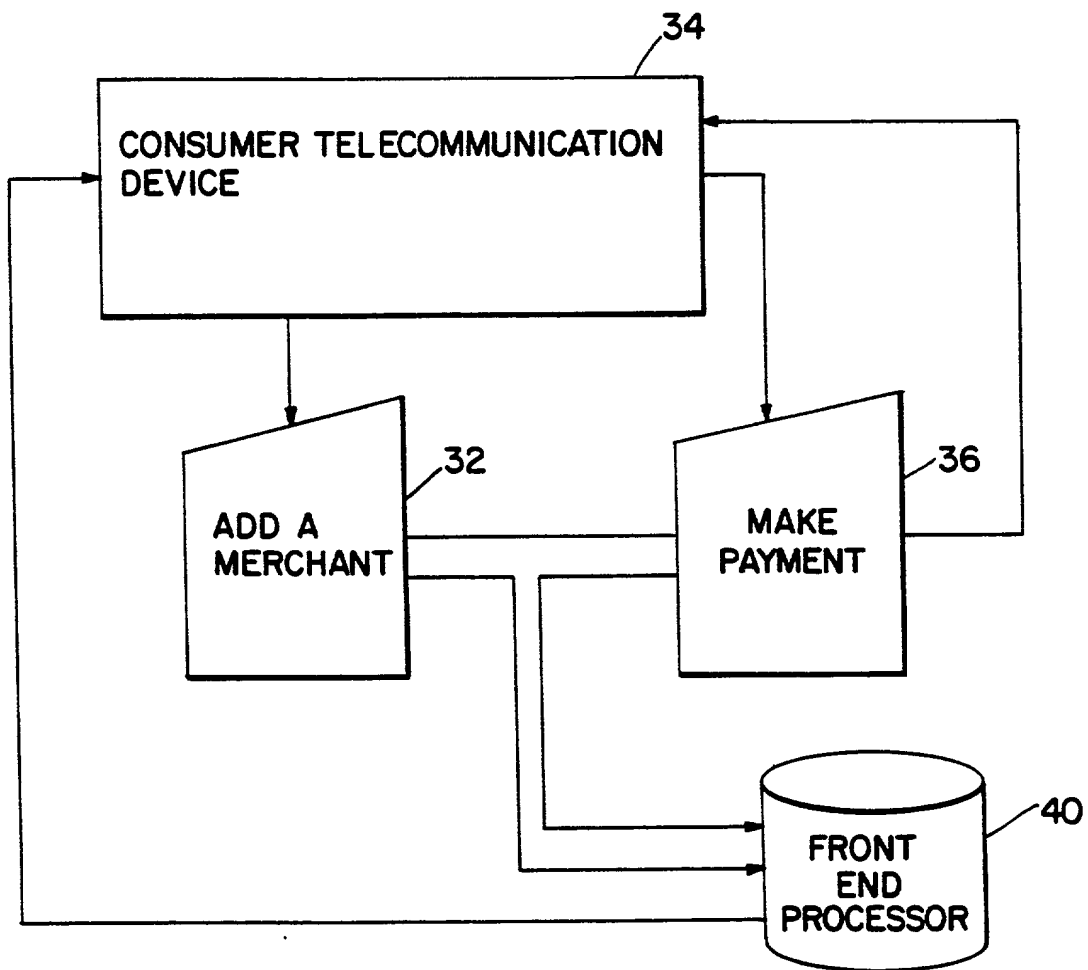
### ABSTRACT

A computerized payment system by which a consumer may instruct a service provider by telephone, computer terminal, or other telecommunications means to pay various bills without the consumer having to write a check for each bill. The system operates without restriction as to where the consumer banks and what bills are to be paid. The service provider collects consumers' information, financial institutions' information and merchant information and arranges payment based on a financial risk analysis to the merchants according to the consumers' instructions.

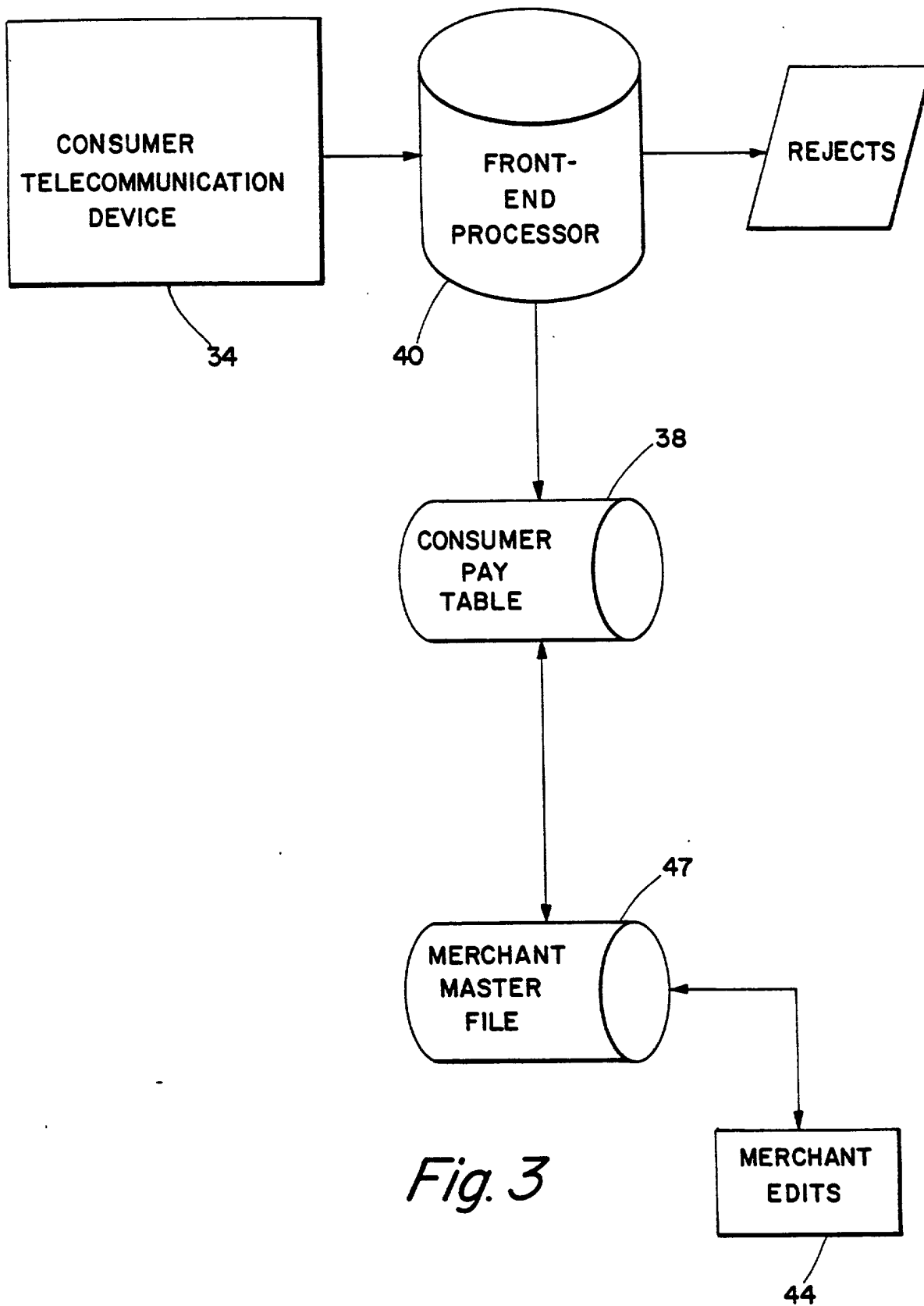
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*Fig. 1*



*Fig. 2*



*Fig. 3*

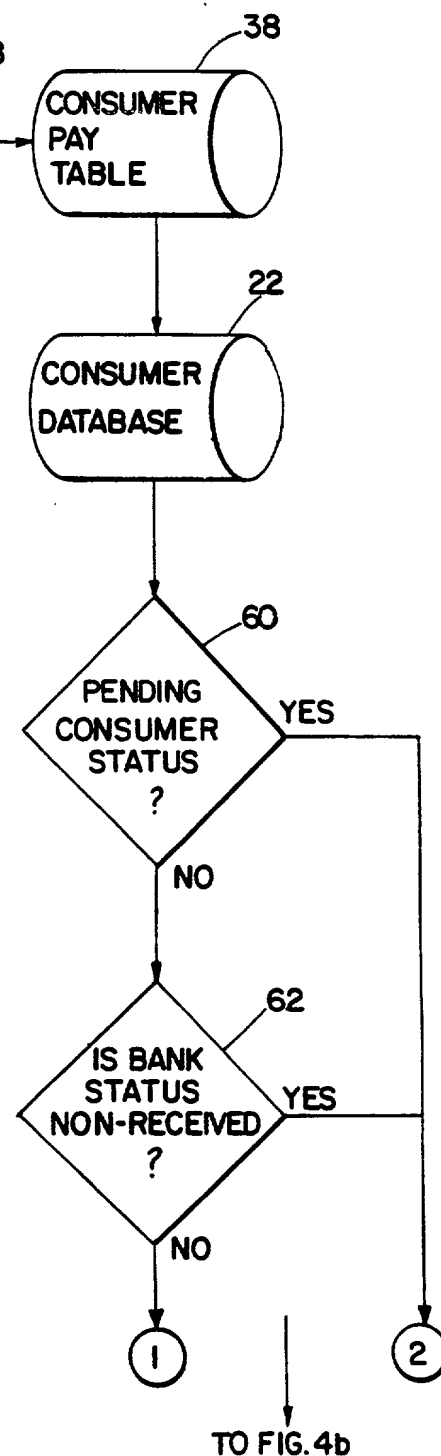
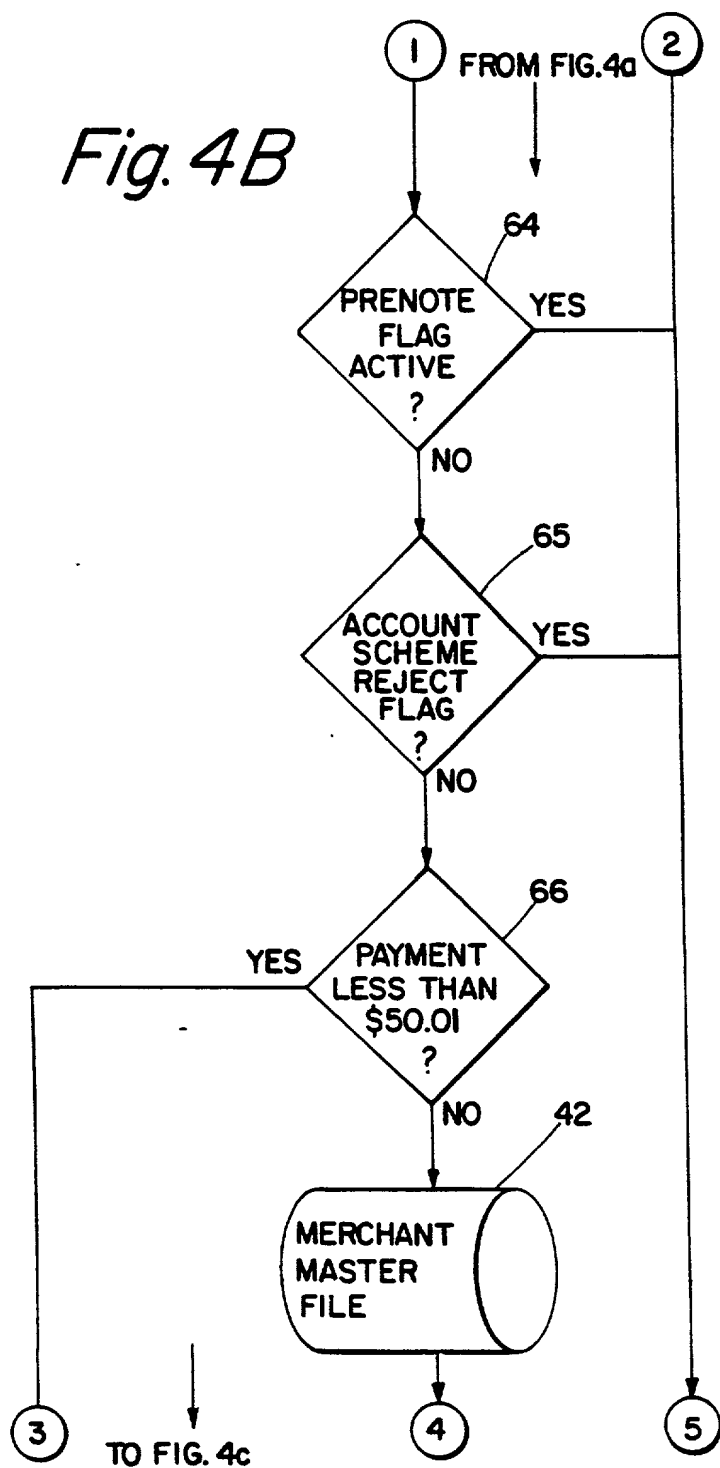
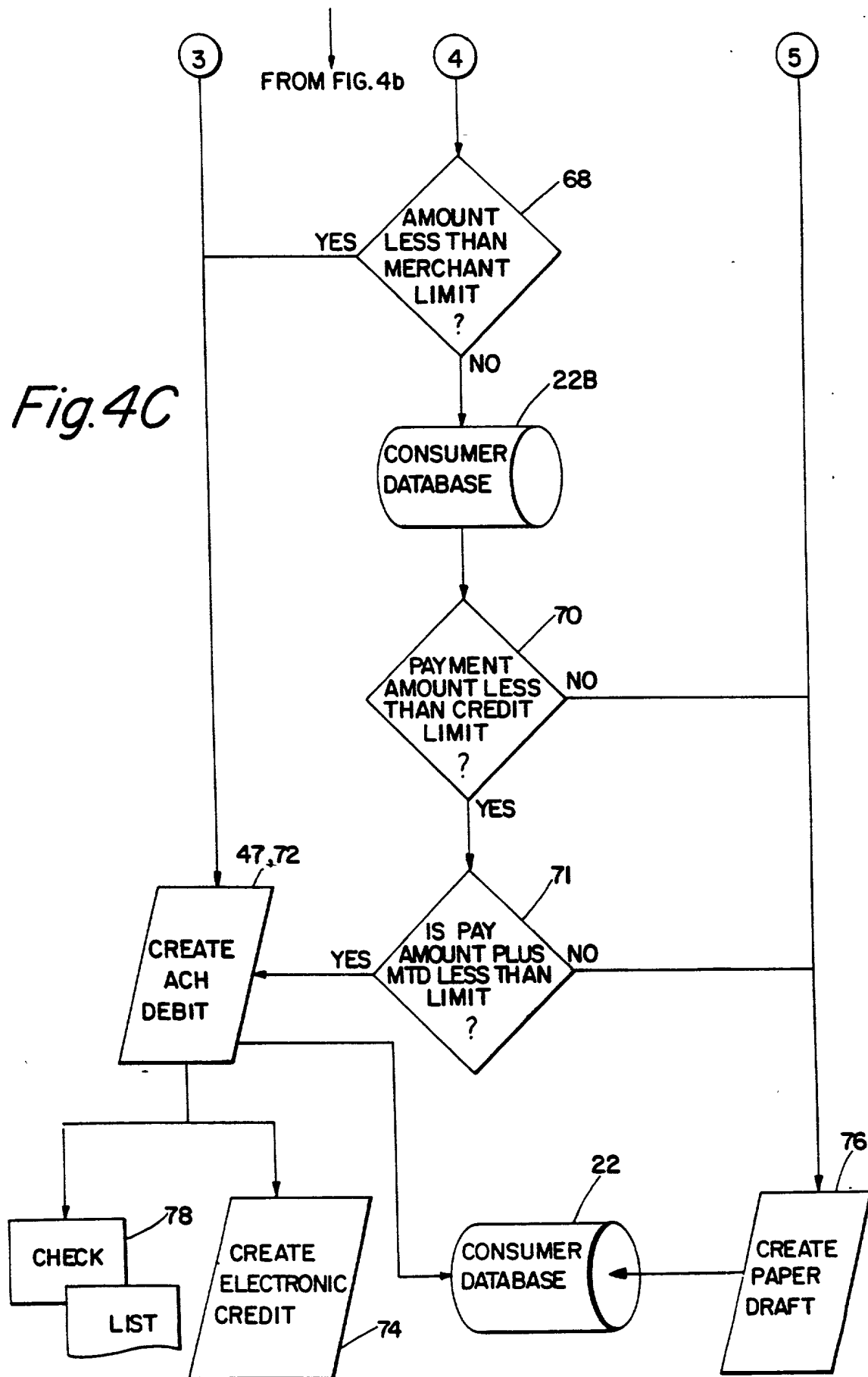


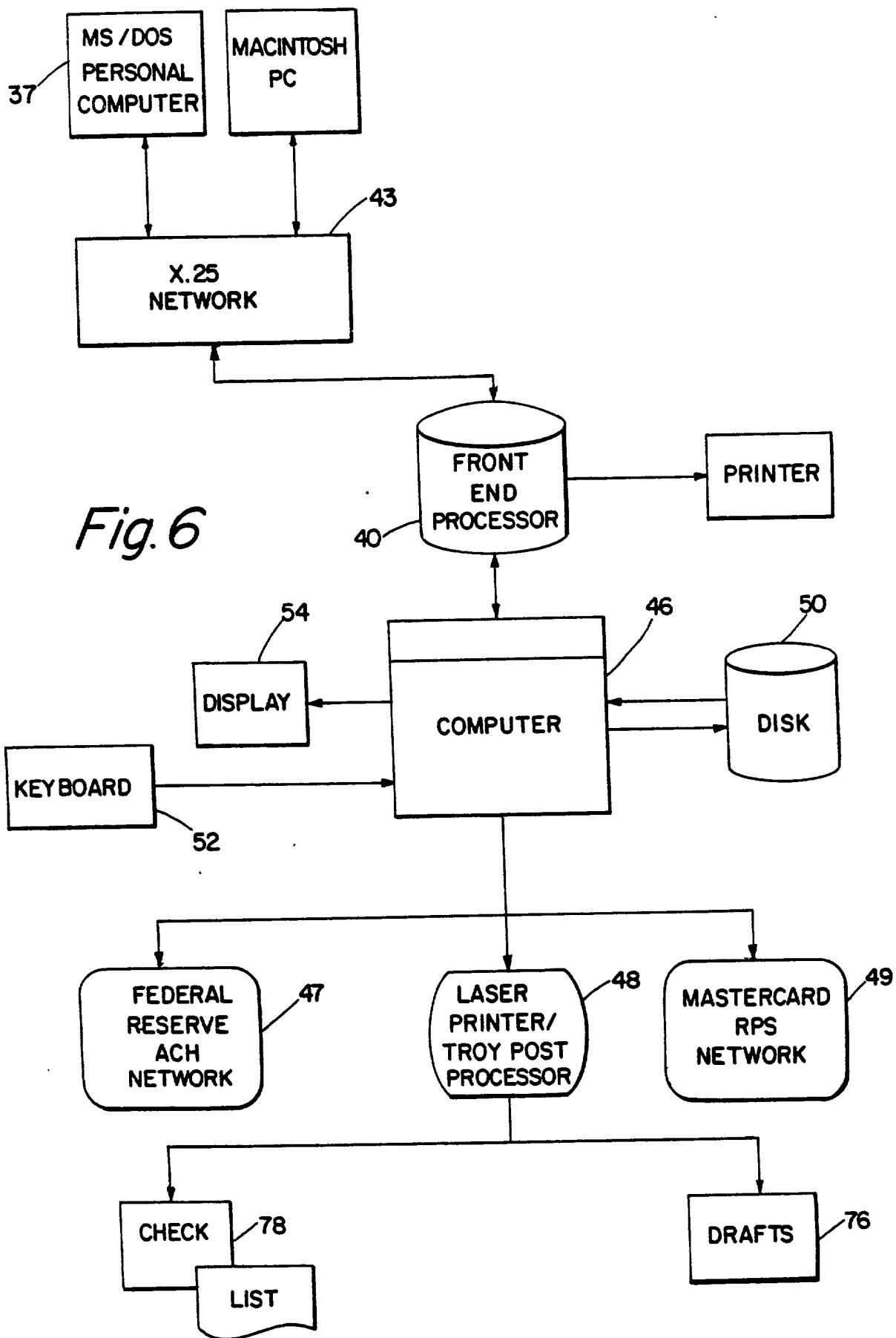
Fig.4C







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DECLARATION FOR PATENT APPLICATION

Docket No. 1761100-75803

As the below named inventors, we hereby declare that:

Our residence, post office addresses and citizenships are as stated below next to our names.

We believe we are the original, first and joint inventors of the subject matter which is claimed and for which a patent is sought on the invention entitled APPARATUS FOR AND METHOD OF BILL PAYMENT the specification of which is filed herewith.

We hereby state that we have reviewed and understand the contents of the above identified specification, including the claims, as amended by any amendment referred to above.

We acknowledge the duty to disclose information which is material to the examination of this application in accordance with Title 37, Code of Federal Regulations, §1.56(a).

We hereby claim foreign priority benefits under Title 35, United States Code, §119 of any foreign application(s) for patent or inventor's certificate listed below and have also identified below any foreign applications for patent or inventor's certificate having a filing date before that of the application on which priority is claimed:

Prior Foreign Applications: None

We hereby claim the benefit under Title 35, United States Code, §120 of any United States application(s) listed below and, insofar as the subject matter of each of the claims of this application is not disclosed in the prior United States application in the manner provided by the first paragraph of Title 35, United States Code, §112, we acknowledge the duty to disclose material information as defined in Title 37, Code of Federal Regulations, §1.56(a) which occurred between the filing date of the prior application and the national or PCT international filing date of this application:

<u>None</u>		
(Application Serial No.)	(Filing Date)	(Status-patented, pending, abandoned)

We hereby appoint the following attorney and/or agent to prosecute this application and to transact all business in the Patent and Trademark Office connected therewith: Jeffrey S. Standley (Reg. No. 34,021)  
Eric S. Lucas (Reg. No. 34,215)

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(614) 227-2030

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Attn: Patricia E. Lanier, C.L.A.  
41 South High Street  
Columbus, Ohio 43215

007500-10000000

We hereby declare that all statements made herein of our knowledge are true and that all statements made on information and belief are believed to be true; and further that these statements were made with the knowledge that willful false statements and the like so made are punishable by fine or imprisonment, or both, under Section 1001 of Title 18 of the United States Code and that such willful false statements may jeopardize the validity of the application or any patent issued thereon.

Full name of inventor: Peter J. Kight

Inventor's signature \_\_\_\_\_ Date \_\_\_\_\_

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\_\_\_\_\_ Citizenship: U.S.A.

Full name of inventor: Mark A. Johnson

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Full name of inventor: Regina Lach

Inventor's signature Regina Lach Date 7/25/91

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Full name of inventor: Philip Pointer

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Full name of inventor: Kenneth Cook

Inventor's signature Kenneth W Cook Date 7/25/91

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Palmer OK 73030 Citizenship: U.S.A.

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<u>None</u>		
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Residence: \_\_\_\_\_  
\_\_\_\_\_ Citizenship: U.S.A.

Full name of inventor: Mark A. Johnson

Inventor's signature \_\_\_\_\_ Date \_\_\_\_\_

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Inventor's signature Tamara K. Christenson Date 8/27/91

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Full name of inventor: Regina Lach

Inventor's signature \_\_\_\_\_ Date \_\_\_\_\_

Residence: \_\_\_\_\_  
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Full name of inventor: Philip Pointer

Inventor's signature \_\_\_\_\_ Date \_\_\_\_\_

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